

Assemblyman  
**PAUL KORETZ**  
 Forty-second Assembly District

*proudly representing the communities of West Hollywood, Beverly Hills, Los Angeles, Century City, Westwood, Bel Air, Brentwood, West Los Angeles, Hollywood, Hancock Park, Universal City, Studio City, and Sherman Oaks*



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**KORETZ URGES GOVERNOR TO SIGN LEGISLATION TO COMBAT  
 UNDERGROUND ECONOMY**

*AB 875 Could Bring in Millions in State Tax Revenue*

**(Sacramento)** – Assemblyman Paul Koretz (D-West Hollywood) today urged the Governor to sign his Assembly Bill 875, a measure which would combat the underground economy and level the playing field for law-abiding California employers. Assembly Bill 875 and is sponsored by the California Labor Federation, AFL-CIO. The bill is jointly authored by Assembly Member Jerome Horton (D-Inglewood).

Under the bill, a "trigger" mechanism would be established whereby certain violations of the Labor Code would trigger recommendation to the appropriate state tax authorities for a tax audit or investigation of the employer.

"If an unscrupulous employer is cheating their employees out of wages, they're very likely cheating the state out of employment taxes and tax revenue as well," said Koretz. "We should aggressively pursue these bad actors. The underground economy harms everyone – the worker, the state, and the legitimate employers who cannot compete against unlawful businesses."

The authority to develop the specific standards under which the trigger would operate is delegated to the Labor and Workforce Development Agency. The standards would be developed in conjunction with the Franchise Tax Board and the Joint Enforcement Strike Force on the Underground Economy.

"This is a good pro-business bill," said Koretz. "We do our legitimate California employers a great disservice if we fail to aggressively enforce the law against those businesses who flagrantly operate underground. This bill will benefit the vast majority of California employers who do the right thing and comply with the law."

"Despite efforts at combating the underground economy, every indication is that it is flourishing in California," said Angie Wei, Legislative Director for the California Labor Federation, AFL-CIO. "Workers are being robbed of their wages and other benefits of employment – and the state is also being robbed of millions of dollars in tax revenue at a time when the state is facing a fiscal crisis."

AB 875 passed the Assembly floor today on a concurrence vote and will be on the Governor's desk within the next few days.